

**Commonwealth of Kentucky**  
**Division for Air Quality**  
***PERMIT STATEMENT OF BASIS***

Title V/Synthetic Minor Draft Permit No. V-03-032  
BUFFALO TRACE DISTILLERY, INCORPORATED  
1001 Wilkinson Boulevard, Frankfort, Kentucky 40601  
September 30, 2003  
Monika Kannadaguli, Reviewer  
Plant I.D. # : 21-073-00009  
Application Log #: 55698

**SOURCE DESCRIPTION AND COMMENTS:**

Buffalo Trace Distillery, Inc. is proposing renewal of their operating Title V/Synthetic Minor permit that will expire on January 21, 2004 with following modifications:

- 1 Emissions Unit 03 (02-001 and 02-005) Fermentation Process  
The current operating permit requires Buffalo Trace to monitor and record gallons of proof gallons produced. However, the Emissions Inventory System (EIS), requires tons of grains produced. According to section 9.12.3, Distilled spirits, of AP-42, the units used to estimate emissions is 1000 bushels of grain input. The permit has been amended to reflect the recordkeeping conditions on this unit.
- 2 Emissions Unit 08 (09-001) Indirect Heat Exchanger  
Emissions Unit 10 (09-003) Indirect Heat Exchanger  
Emissions Unit 14 & 15 (14-001 and 14-002) Two Indirect Heat Exchangers

- a. The primary, secondary and tertiary fuels for Emission Units 08, 10, 14 & 15 as listed in operating permit are:

Table 1

<b>Emissions Unit</b>	<b>Primary Fuel</b>	<b>Secondary Fuel</b>	<b>Tertiary Fuel</b>
Emissions Unit 08 (09-001) Indirect Heat Exchanger	Waste-oil	Distillate-oil (#2 & #4 fuel oil)	Natural gas
Emissions Unit 10 (09-003) Indirect Heat Exchanger	Waste-oil	Distillate-oil (#2 & #4 fuel oil)	Natural gas
Emissions Unit 14 & 15 (14-001 and 14-002) Two Indirect Heat Exchangers	Natural gas	Distillate-oil	-----

The source requests the following change in the fuel type:

Table 2

<b>Emissions Unit</b>	<b>Primary Fuel</b>	<b>Secondary Fuel</b>	<b>Tertiary Fuel</b>
Emissions Unit 08 (09-001) Indirect Heat Exchanger	Natural gas	Distillate-oil (#2 & #4 fuel oil)	Waste-oil
Emissions Unit 10 (09-003) Indirect Heat Exchanger	Natural gas	Distillate-oil (#2 & #4 fuel oil)	Waste-oil
Emissions Unit 14 & 15 (14-001 and 14-002) Two Indirect Heat Exchangers	Natural gas	Distillate-oil (#2 & #4 fuel oil)	Waste-oil

The permit has been amended to reflect the change in fuel usage for emission units 08, 10, 14 & 15.

- b. 401 KAR 59:015 applies to emission units 08, 10, 14 & 15, and 401 KAR 60:005 incorporating by reference 40 CFR 60, Subpart Dc, also applies to emission units 14 & 15.
- c. The source has proposed the use of natural gas as a primary fuel for Emission Units 08, 10, 14 & 15. However, the source shall conduct a performance test for particulate emissions when combusting fuel oil or waste oil if such usage exceeds 60 days within any consecutive 12 months period.

3 Emissions Unit 09 (09-002) Indirect Heat Exchanger (coal fired)

- a. Performance testing requirement for this emissions unit has been changed from "within one year from the issuance of this permit" to "within the term of this permit".
- b. The frequency of method 9 opacity test has been changed from "once during each daylight shift, weather permitting" to "once per month during the daylight shift".

4 Unused coal –fired boiler

An unused coal-fired boiler is located in the same building as the permitted coal-fired boiler [Emissions Unit 09 (09-002)]. As per the information provided by the source, the boiler has been taken out of service since 1975. The induction fan has been disconnected, the header has been blinded and the blow-downs disconnected. It would take a significant amount of time and expense to renovate the boiler. Buffalo Trace does not currently intend to place the boiler back in service. Should these intentions change the source is required to submit an application to the Division of Air Quality.

This source is also imposing a voluntary source-wide requirement to ensure the non-applicability of Regulation 401 KAR 51:017 (PSD). For this the total particulate, total sulfur dioxide, and total nitrogen oxide emissions from the site shall not exceed 245 tons in any consecutive 12-month period.

**APPLICABLE REGULATIONS:**

- 401 KAR 59:010, New Process operations, applicable to an emission unit that commenced on or after July 2, 1975.
- 401 KAR 59:015, New Indirect heat exchangers, applicable to an emissions unit with a capacity of less than 250 mmBTU/hour, which commenced on or after April 9, 1972.
- 401 KAR 61:015, Existing indirect heat exchangers, applicable to an emissions unit with a capacity of less than 250 mmBTU/hour, which commenced before April 9, 1972.
- 401 KAR 61:020, Existing process operations, applicable to an emissions unit that commenced before July 2, 1975.

- 401 KAR 63:010, Fugitive Emissions, applicable to fugitive emissions generated by the emissions unit.
- 401 KAR 60:005 incorporated by reference 40 CFR 60, Subpart Dc, Standards of Performance for Small Industrial-Commercial-Institutional Steam Generating Units, applicable to a steam generating unit with a capacity of less than 100 mmBTU/hr but greater than 10 mmBTU/hr which commenced on or after June 9, 1989.

#### NON-APPLICABLE REGULATIONS:

- 401 KAR 60:005, Standards of performance for small industrial-commercial-institutional steam generating units, incorporating by reference 40 CFR Part 60, Subpart Dc, applicable to an emissions unit with a design capacity of 100 mmBTU/hour or less and greater than or equal to 10 mmBTU/hour and constructed after June 9, 1989  
[Emissions Units 08 and 10 due to applicability date and/or size of unit].
- The source is not subject to 401 KAR 51:017, Prevention of Significant Deterioration (PSD)  
The source has adopted voluntary operating limitations to prevent emissions from exceeding the PSD thresholds.
- The source is not subject to 40 CFR Part 60, Subpart K, Ka, Kb.  
The construction of the 20000 gallon #2 fuel oil tank commenced in May of 1972. In order for subpart K to apply, construction, reconstruction, or modification of the tank must have been initiated after July 11, 1973 and prior to May 19, 1978.
- The source is not subject to 401 KAR 61:050.  
The construction of the 20000 gallon #2 fuel oil tank commenced in May of 1972.  
401 KAR 61:050 is applicable to the affected facility commenced before April 9, 1972.  
Additionally Franklin County attains the National Ambient Air Quality Standards for ozone, hence 401 KAR 61:050 does not apply.

#### EMISSION AND OPERATING CAPS DESCRIPTION:

Methods of measurement for emissions shall be adhered to as specified in 401 KAR 50:015. The source will limit the use of all five Indirect Heat Exchangers [EP 08, EP 09, EP 10, EP 14, EP 15] in order to remain below the emission cap for PM, SO<sub>2</sub> and NO<sub>x</sub>. The source will also demonstrate that sulfur content of fuel is below the 0.5 percent by weight cap by requiring fuel supplier certification.

**CREDIBLE EVIDENCE:**

This permit contains provisions, which require that specific test methods, monitoring or recordkeeping be used as a demonstration of compliance with permit limits. On February 24, 1997, the U.S. EPA promulgated revisions to the following federal regulations: 40 CFR Part 51, Sec. 51.212; 40 CFR Part 52, Sec. 52.12; 40 CFR Part 52, Sec. 52.30; 40 CFR Part 60, Sec. 60.11 and 40 CFR Part 61, Sec. 61.12, that allow the use of credible evidence to establish compliance with applicable requirements. At the issuance of this permit, Kentucky has not incorporated these provisions in its air quality regulations.